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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/812,639	03/20/2001	Michael R. Levine	LVN-08602/03	1113
7590	02/10/2005		EXAMINER	
Gifford, Krass, Groh 280 N. Old Woodward Ave., Suite 400 Birmingham, MI 48009			KALINOWSKI, ALEXANDER G	
			ART UNIT	PAPER NUMBER
			3626	

DATE MAILED: 02/10/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/812,639	LEVINE, MICHAEL R.
Examiner	Art Unit	
Alexander Kalinowski	3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 11 November 2004.

2a) This action is FINAL. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 2,3 and 5-11 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 2,3 and 5-11 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

1. Certified copies of the priority documents have been received.

2. Certified copies of the priority documents have been received in Application No. _____.

3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) Notice of References Cited (PTO-892)

2) Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____

4) Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____

5) Notice of Informal Patent Application (PTO-152)

6) Other: _____

DETAILED ACTION

1. Claims 2, 3, and 5-12 are presented for examination. Applicant filed an amendment on 11/11/2004 canceling claims 1 and 4, amending claims 2, 3, 5, and 9 and adding new claim 12. In view of Applicant's amendment, the Examiner withdraws the grounds of rejection of claims 1-11 based on 35 USC 101, 35 USC 102 and 35 USC 103. However, new grounds of rejection of claims 2, 3, and 5-12 necessitated by Applicant's amendment are established in the instant office action as set forth in detail below.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 5 and 12 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory

subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, the instant claims fail to recite the use of any type of technology (e.g. computer system) within the recited steps of the claimed method of paying for medical costs. The recited steps constitute an idea on how to pay for medical costs.

Mere intended or nominal use of a component, albeit within the technological arts, does not confer statutory subject matter to an otherwise abstract idea if the component does not apply, involve, use, or advance the underlying process.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case the claimed method recites steps for contracting between parties to pay for medical costs incurred by users. Although the claimed invention produces a useful, concrete and tangible result, since the claimed invention as a whole is not within the technological arts, as explained above, claims 5 and 12 are deemed to be directed to non statutory subject matter. The Examiner suggests amending the independent claims by adding language to the body of the claims (i.e. limitations) that indicates that at least some of the steps of the claimed invention are carried out using technology.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

Art Unit: 3626

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

4. Claims 2-12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Volz in view of Anonymous, "The issuers of health-care cards sense an era of healthy growth" (hereinafter Health care cards) and of information available at the web site of SimpleCare (hereinafter Simplecare).

As to claims 2, 5, 6, 9 and 12, Volz discloses A method of payment for a healthcare service (see abstract), said method comprising the steps of: contracting by an intermediary with a healthcare provider, wherein the healthcare provider agrees to perform a predetermined healthcare service and charge the healthcare user a predetermined fee and the intermediary agrees to pay the healthcare provider the predetermined fee charged the healthcare user (page 2); receiving by the healthcare user the predetermined healthcare service from the healthcare provider (page 2).

Volz does not explicitly disclose contracting between a healthcare user and the intermediary for the healthcare user to pay the healthcare provider when the healthcare service is performed with a healthcare credit card issued by the intermediary;

charging the fee for the healthcare service using the healthcare credit card; subsequently paying the healthcare provider by the intermediary according to the contract between the healthcare provider and the intermediary for the healthcare service charged to the healthcare credit card; and

subsequently paying the intermediary by the healthcare user according to the contract between the healthcare user.

However, Health care cards discloses contracting between a healthcare user and the intermediary for the healthcare user to pay the healthcare provider when the healthcare service is performed with a healthcare credit card issued by the intermediary (i.e. financing plans)(see abstract); charging the fee for the healthcare service using the healthcare credit card (page 1); subsequently paying the healthcare provider by the intermediary according to the contract between the healthcare provider and the intermediary for the healthcare service charged to the healthcare credit card (pages 1-3); and subsequently paying the intermediary by the healthcare user according to the contract between the healthcare user and the intermediary as payment for the healthcare service rendered by the selected healthcare provider (pages 1-3). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitations for the motivation of allowing patients to pay for patient owed portions of medical bills without tying up credit lines on their general purpose cards (see abstract).

Volz and Health care cards do not explicitly disclose providing the healthcare user access to a website hosted by the intermediary on a computer network; identifying the healthcare user accessing the healthcare website; providing the identified healthcare user access to a web page containing healthcare providers contracting with the intermediary; and

selecting by the healthcare user a healthcare provider from the contracting healthcare providers.

However, Simplecare discloses providing the healthcare user access to a website hosted by the intermediary on a computer network (page 1); identifying the healthcare user accessing the healthcare website (pages 1-9); providing the identified healthcare user access to a web page containing healthcare providers contracting with the intermediary (pages 6-9); and selecting by the healthcare user a healthcare provider from the contracting healthcare providers (pages 6-9). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitations as disclosed by Simplecare within Volz and Healthcare cards for the motivation of accessing a network of healthcare providers for fees where the system reduces administrative costs associated with medical care and passes the savings to consumers in the form of reduced fees (pages 1-2).

As to claims 8 and 11, Volz does not explicitly disclose A method as set forth in claims 5 and 9 including the step of billing the healthcare user by the intermediary for the healthcare service performed by the healthcare service provider, after said step of paying the healthcare provider.

However, Healthcare cards discloses the step of billing the healthcare user by the intermediary for the healthcare service performed by the healthcare service provider, after said step of paying the healthcare provider (pages 1-3). It would have

been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitations as disclosed by Healthcare cards within Volz for the motivation of allowing patients to pay for patient owed portions of medical bills without tying up credit lines on their general purpose cards (see abstract).

As to claims 3, 7 and 10, Volz and Healthcare cards do not explicitly disclose wherein the computer network is the Internet.

However, Simplecare discloses wherein the computer network is the Internet (page 1). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include the aforementioned limitations as disclosed by Simplecare within Volz and Healthcare cards for the motivation of accessing a network of healthcare providers for fees where the system reduces administrative costs associated with medical care and passes the savings to consumers in the form of reduced fees (pages 1-2).

Response to Arguments

5. Applicant's arguments with respect to claims 2, 3, and 5-12 have been considered but are moot in view of the new ground(s) of rejection.
6. At pages 7-8, Applicant argues the rejections made under 35 USC 101, and relies on the court decision in *State Street Bank & Trust Co v. Signature Financial Group* for support that "a process ... employing ... [an] abstract idea is patentable subject matter even though ... [an] abstract idea would not, by itself, be entitled to such protection."

In response, it is respectfully submitted that Applicant takes the cited passage from the *State Street* decision out of context. In particular, the passage relied upon by Applicant appears to directed to an explanation on why the application of a particular test, the Freeman-Walter-Abele test, for determining statutory subject matter was misleading. Note the quoted passage in its entirety, as given hereinbelow for Applicant's convenience:

"After *Diehr* and *Chakrabarty*, the Freeman-Walter-Abele test has little, if any, applicability to determining the presence of statutory subject matter. As we pointed out in *Alappat*, 33 F.3d at 1543, 31 USPQ2d at 1557, application of the test could be misleading, because a process, machine, manufacture, or composition of matter employing a law of nature, natural phenomenon, or abstract idea is patentable subject matter even though a law of nature, natural phenomenon, or abstract idea would not, by itself, be entitled to such protection."

As such, since no such test was applied to Applicant's claimed invention, the cited passage has no relevance to the issues at hand.

Further, it is noted that the Examiner rejection was not based on the fact the claimed process is NOT useful, tangible, or concrete, nor that claimed process lacks a practical application, *per se*. Rather, the basis of the Examiner's rejection was that the recited claims were not directed to a practical application in the technological arts. With regard to this issue, it is noted that Applicant's presently recited claims do not even rise the level of the claims under review by the Federal Circuit in the *State Street Bank* decision, which clearly and explicitly recite a practical application in the technological

arts. Note, for example, the format and language of claim 1 in the *State Street Bank* decision, provided hereinbelow:

1. A data processing system for managing a financial services configuration of a portfolio established as a partnership, each partner being one of a plurality of funds, comprising:
 - (a) computer processor means [a personal computer including a CPU] for processing data;
 - (b) storage means [a data disk] for storing data on a storage medium;
 - (c) first means [an arithmetic logic circuit configured to prepare the data disk to magnetically store selected data] for initializing the storage medium;
 - (d) second means [an arithmetic logic circuit configured to retrieve information from a specific file, calculate incremental increases or decreases based on specific input, allocate the results on a percentage basis, and store the output in a separate file] for processing data regarding assets in the portfolio and each of the funds from a previous day and data regarding increases or decreases in each of the funds, [sic, funds'] assets and for allocating the percentage share that each fund holds in the portfolio;
 - (e) third means [an arithmetic logic circuit configured to retrieve information from a specific file, calculate incremental increases and decreases based on specific input, allocate the results on a percentage basis and store the output in a separate file] for processing data regarding daily incremental income, expenses, and net realized gain or loss for the portfolio and for allocating such data among each fund;
 - (f) fourth means [an arithmetic logic circuit configured to retrieve information from a specific file, calculate incremental increases and decreases based on specific input, allocate the results on a percentage basis and store the output in a separate file] for processing data regarding daily net unrealized gain or loss for the portfolio and for allocating such data among each fund; and
 - (g) fifth means [an arithmetic logic circuit configured to retrieve information from specific files, calculate that information on an aggregate basis and store the output in a separate file] for processing data regarding aggregate year-end income, expenses, and capital gain or loss for the portfolio and each of the funds.

As such, it is respectfully submitted that Applicant's reliance on the *State Street Bank* decision is not persuasive, as Applicant's presently recited claims clearly lack a practical application in the technological arts in a manner consistent with the claims reviewed by the Federal Circuit in their decision.

Moreover, it is noted that the mandate of other court decision clearly support the Examiner's position. For example, the court in *In re Toma* stated: " 'technological' or 'useful' arts inquiry must focus on whether claimed subject matter, for example, method of operating machine to translate, is statutory, not on whether product of claimed subject matter, for example, translated text, is statutory, not on whether prior art that claimed subject matter purports to replace, for example, translation by human mind, is statutory, and not on whether claimed subject matter is presently perceived to be improvement over prior art, for example, whether it 'enhances' operation of machine; this was law prior to *Gottschalk v. Benson*, 175 USPQ 673, and was not changed by *Benson*." (emphasis added) 197 USPQ 852, 853 (CCPA 1978). In *In re Musgrave*, 167 USPQ 280 (CCPA 1970), it was held that "... all that is necessary to make a sequence of operational steps a statutory 'process' within 35 U.S.C. 101 is that it be in the technological arts so as to be in consonance with Constitutional purpose to promote progress of 'useful arts' ..." (emphasis added).

In sum, it is respectfully submitted that the Examiner's rejection of the claims under 35 USC 101 is indeed proper and should be maintained for at least the reasons given above and the guidance of appropriate case law.

Conclusion

7. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

8. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

9. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Alexander Kalinowski, whose telephone number is (703) 305-2398. The examiner can normally be reached on Monday to Thursday from 9:00 AM to 6:30 PM. In addition, the examiner can be reached on alternate Fridays.

If any attempt to reached the examiner by telephone is unsuccessful, the examiner's supervisor, Joseph Thomas, can be reached on (703) 305-9588. The fax telephone number for this group is (703) 305-7687 (for official communications including After Final communications labeled "Box AF").

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 7th Floor, receptionist.



Alexander Kalinowski

Primary Examiner

Art Unit 3626

2/5/2005